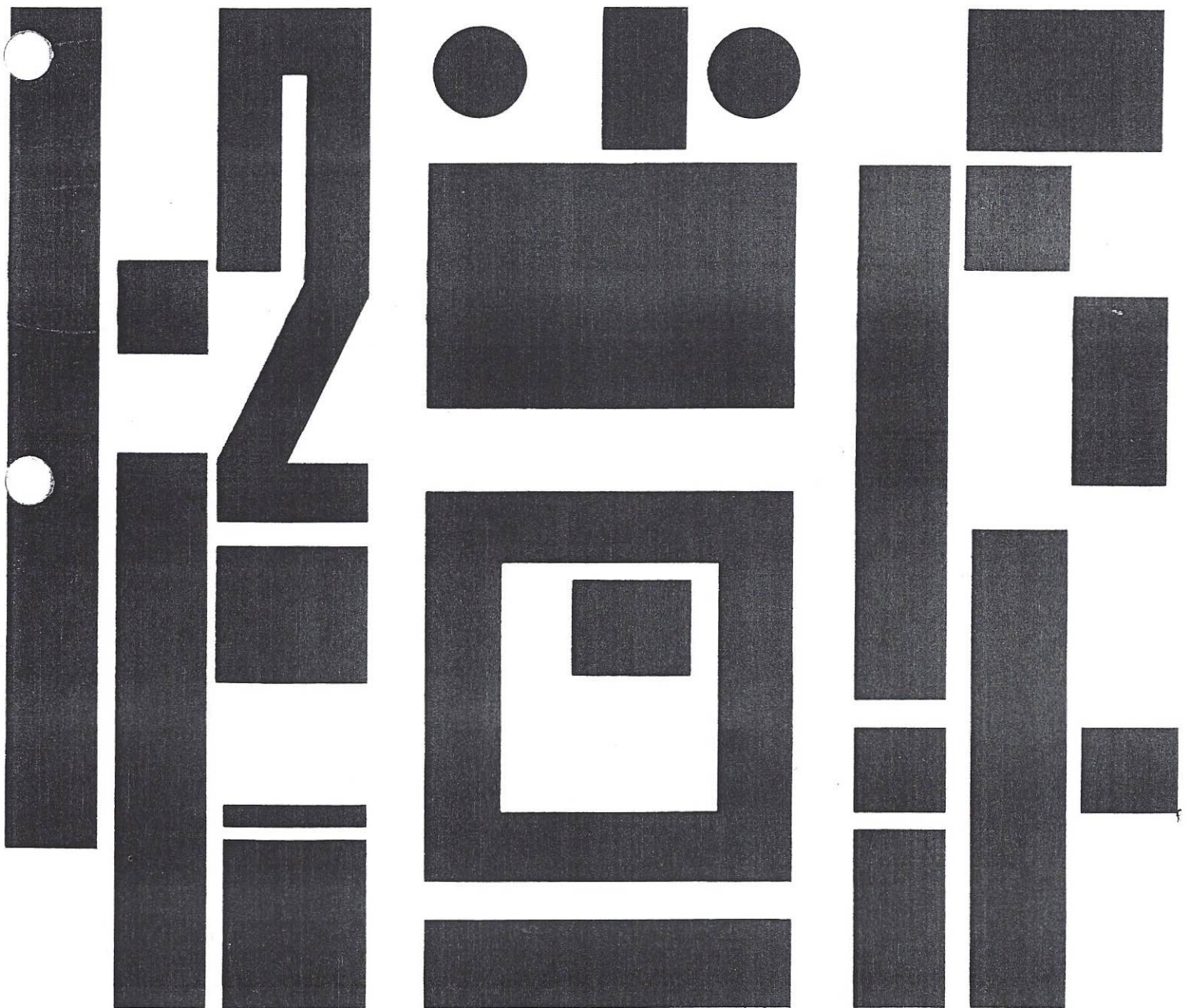


1962
ANNUAL
REPORT

Commodore



COMMODORE BUSINESS MACHINES, (CANADA) LTD.



Commodore

SUBSIDIARY COMPANIES

Commodore Business Machines, Inc.—New York, N. Y.

Commodore Dry Copy, Inc.—New York, N. Y.

Commodore Drycopy, Ltd.—Toronto, Ontario

OFFICERS AND DIRECTORS

JACK TRAMIEL—NEW YORK
President

MANFRED KAPP—TORONTO
Secretary-Treasurer

BENJAMIN OREMLAND—NEW YORK
Attorney

HARRY WAGMAN—TORONTO
Certified Public Accountant

CARMAN GEORGE KING—TORONTO
Investment Dealer

CARL MORTON SOLOMON—TORONTO
Solicitor

Transfer Agent and Registrar:
The Eastern Trust Company, Toronto and Montreal

Auditor: Rose & Harrison, Chartered Accountants, Toronto

Council: Solomon, Singer & Rosen, Toronto



PRESIDENT'S MESSAGE

To the shareholders:

- June 30th, 1962, marked the end of the first fiscal year of Commodore Business Machines (Canada) Ltd., and its subsidiaries, since its reorganization as a public company. It is indeed with extreme pride that I now welcome you as shareholders of our company and report to you on the successful progress made in the twelve month period now ended.

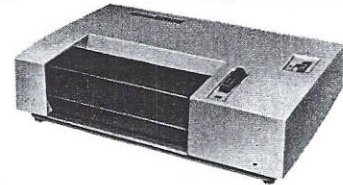
Total sales for the fiscal year ended June 30th, 1962 were \$3,575,419.29, the highest ever attained in the history of Commodore. This compares most favorably with \$2,730,475.73* of sales for the twelve month period ended June 30th, 1961, an increase of \$844,943.56.

Net profit for the current fiscal year, after provision for income taxes, amounted to \$150,938.34, as compared with a loss of \$30,563.01* sustained by Commodore in the preceding twelve month period.

This achievement is all the more impressive noting that it was accomplished without benefit of almost \$750,000.00 received by your company from the sale of 300,000 of its common shares just prior to the end of the fiscal year. This new capital will greatly reduce the heavy interest charges incurred this past year in short term financing, and should prove a powerful factor in future expansion of our earning power.

From its very inception, Commodore has followed an expansion policy. At first, management efforts were directed exclusively to the assembly, manufacture and sale of typewriters and adding machines. Their efforts were rewarded when the Commodore label on typewriters and adding machines became a basic inventory essential by many, if not all, of the major department stores and catalogue houses throughout Canada. In the United States in addition to the accepted method of wholesaling its business machines, Commodore products are sold at retail by its own personnel on locations leased in leading department store chains.

This year, Commodore entered the rapidly expanding field of office copying machines with the introduction of an extremely efficient, modern design, dry process copying machine. This machine can produce, in just four seconds, a dry, clear, smudge and fade proof, permanent reproduction of almost any printed matter or document, on low cost ordinary office paper. These machines are being distributed throughout



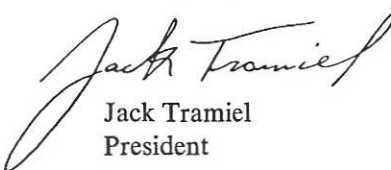
Canada and the United States under the name "Commodore" Drycopy. An imaginative and extensive advertising and sales program has already been initiated.

With the introduction of Commodore Drycopy into its line of business machines and with continued success with its typewriters and adding machines, management is realistically assured of even greater success for fiscal year 1963.

It is my privilege to extend my sincere thanks to our officers, directors, and employees, whose efforts, loyalty and dedication have contributed so enormously to our progress.

We believe that Commodore Business Machines is favorably situated in an expanding industry, and we assure you of our unremitting endeavor to make your investment in this company a rewarding and a growing one.

Very truly yours,


Jack Tramiel
President

THE PRODUCT LINE

Commodore has expanded from portable typewriters, adding machines, and rebuilt equipment, into the exciting field of photocopy. A creditable record of sales and distribution of our recently introduced Commodore Drycopy, has placed

your firm among the leaders in the industry.

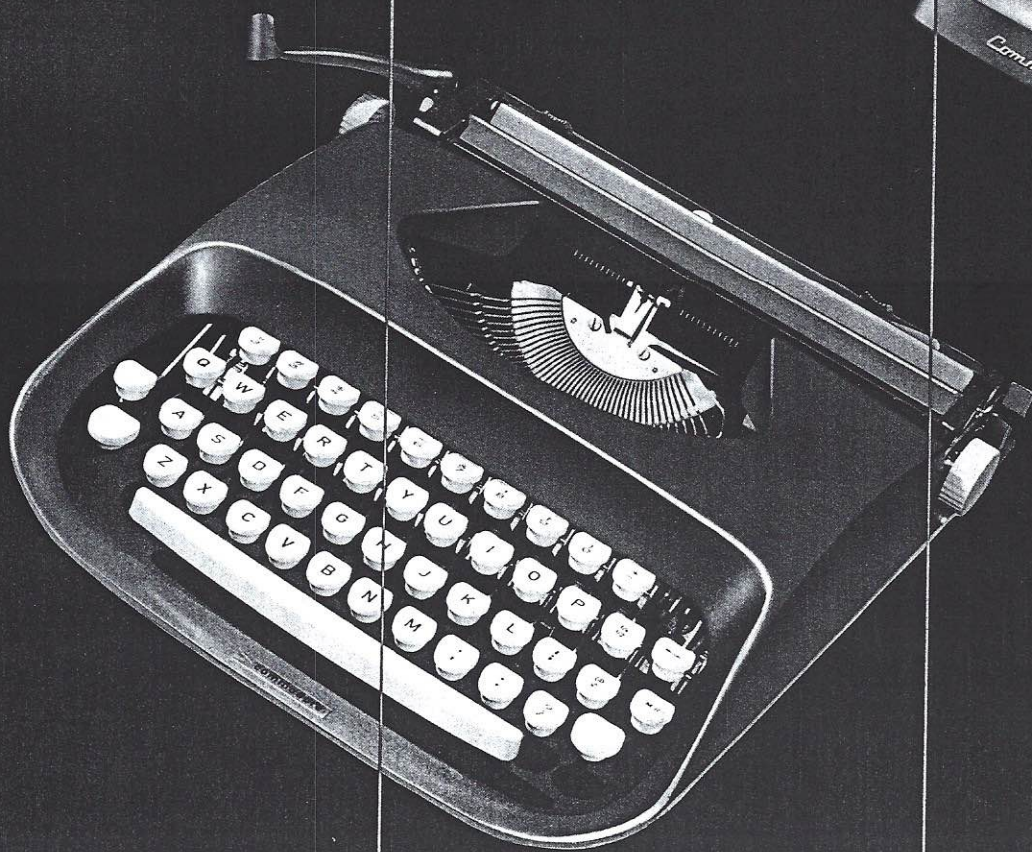
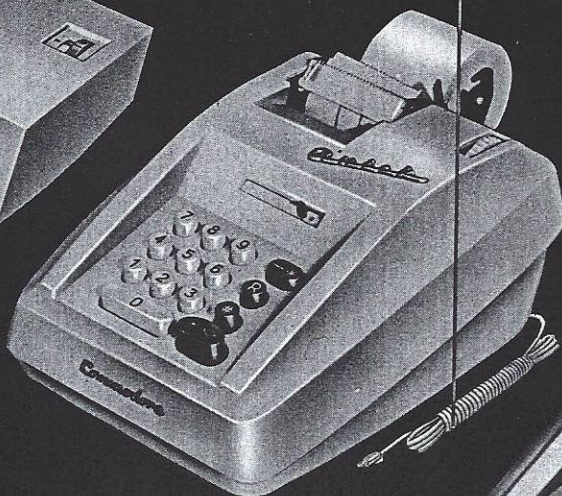
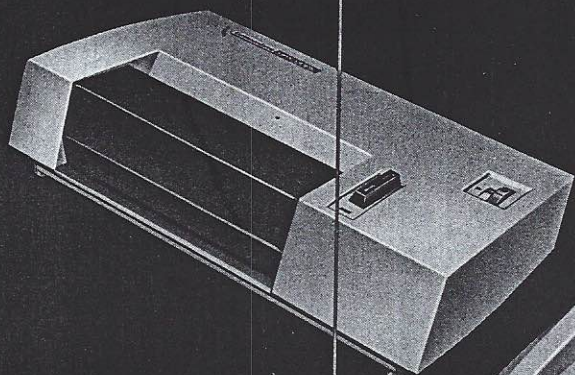
Our Drycopy is one of the most versatile office copiers available and the per copy cost is the lowest ever. It is portable and instantly makes completely dry, permanent copies.

Our new "QUICK" portable hand and electric adding machines, as well as our entire line of big value portable typewriters, are constantly increasing in sales volume.

Commodore precision business machines have become traditional tools of today's highly skilled office personnel. Modern offices proudly

display the elegant lines of Commodore machines, and their wide use has added to the efficiency of twentieth century business.

On the opposite page are displayed some of your firm's latest equipment: Commodore Drycopy, "Quick" electric and hand adding machines and our newest designed portable typewriter.



Shipments of business machines (including supplies) in the United States rose from \$1.1 billion in 1955 to \$2.3 billion in 1961. This indicates the magnitude and the growth rate of the industry in which your company is engaged. While great glamour attaches to sophisticated computers, costing a million or more, our studied opinion is that, in this industry, the big demand exists among small and medium sized firms, for quality produced, automatic business machines, functionally designed and attractively priced.

Our results in 1962 confirm this analysis of the office appliance market. The demand for our typewriters and adding machines broadened, and the highlight of the year was, of course, our introduction of the "Commodore" Drycopy. This model has the advantage of meeting competition by offering a superior product

HIGHLIGHTS AND HORIZONS

value. Further, it provides a continuous flow of revenue to your company, long after the initial sale, from orders for the required transfer sheets.

The decision to sell the "Commodore" Drycopy was based upon an intensive study of the entire photocopy market. There are three major processes in general use. These are Diffusion Transfer, Electrostatic and Thermographic.

Diffusion Transfer is a "wet" process, requiring expensive, specially treated paper and chemicals. Time is also required for copies to dry. About 100 companies produce units operating with this method.

Electrostatic is a costly dry process, specially suitable for organizations having a very large volume of copying to handle.

Thermographic, or heat transfer, system is a lower cost drycopy method, capable of installation in economy-priced units, to serve ordinary office needs. This is the process that seemed most practical for our purpose.

Further, we were convinced that dry copy units would meet with less competition, and were preferred by most offices because of their simplicity and speed of operation, and because they require inexpensive treated copy paper and *no* chemicals. Accordingly, when we examined the "Commodore" Drycopy (heat transfer) machine, we felt that we had found the right product, to meet the right market at the right price.

Under the intensive distribution program which was developed, sales began in a rewarding and rising vol-

ume. Excellent manufacturing facilities assisted us in expanding this market. We have been deluged with inquiries from all over the continent as a result of our timely and powerful advertisements of the "Commodore" Drycopy machine.

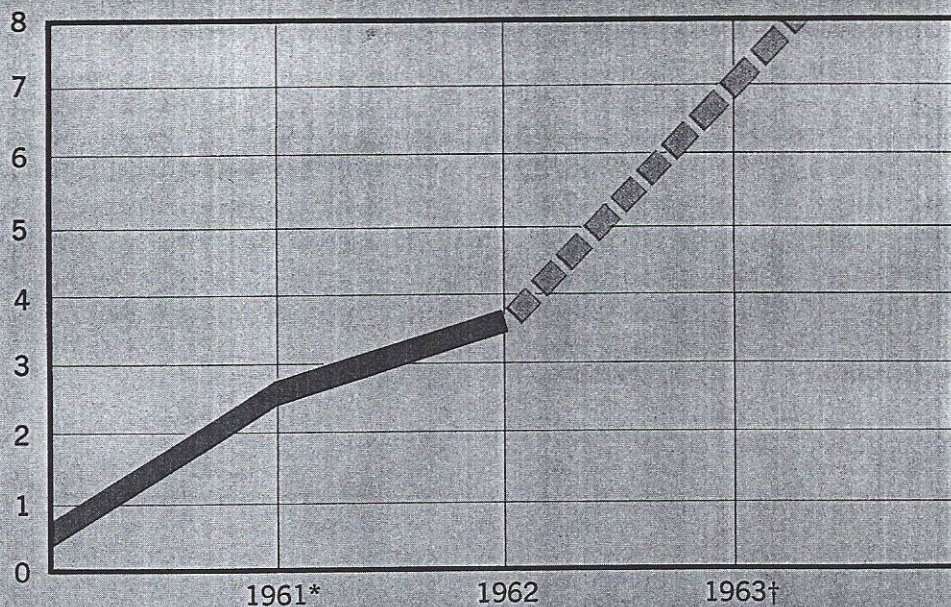
Throughout the World, expanding business activity and rising labor costs highlight the need for more office automation. Accordingly, we have under consideration, plans to enlarge our product line to include sensibly priced electronic computers and bookkeeping machines. We believe serving these markets can substantially broaden the base of our future earning power.

Excellent and efficient units are presently being offered to us for manufacture and distribution. Looking ahead, we are planning major expansion of our own manufacturing facilities so that we may not only assemble and produce the Commodore Drycopy machine, but produce, in addition, other business machines, combining advanced design with dependable performance.

By developing a more diverse product line, substantially enhanced by our own manufacturing capacity and a continent-wide network of outlets (plus possible entry into international markets) we believe we are creating wide horizons of growth and progress for your company, in future years.

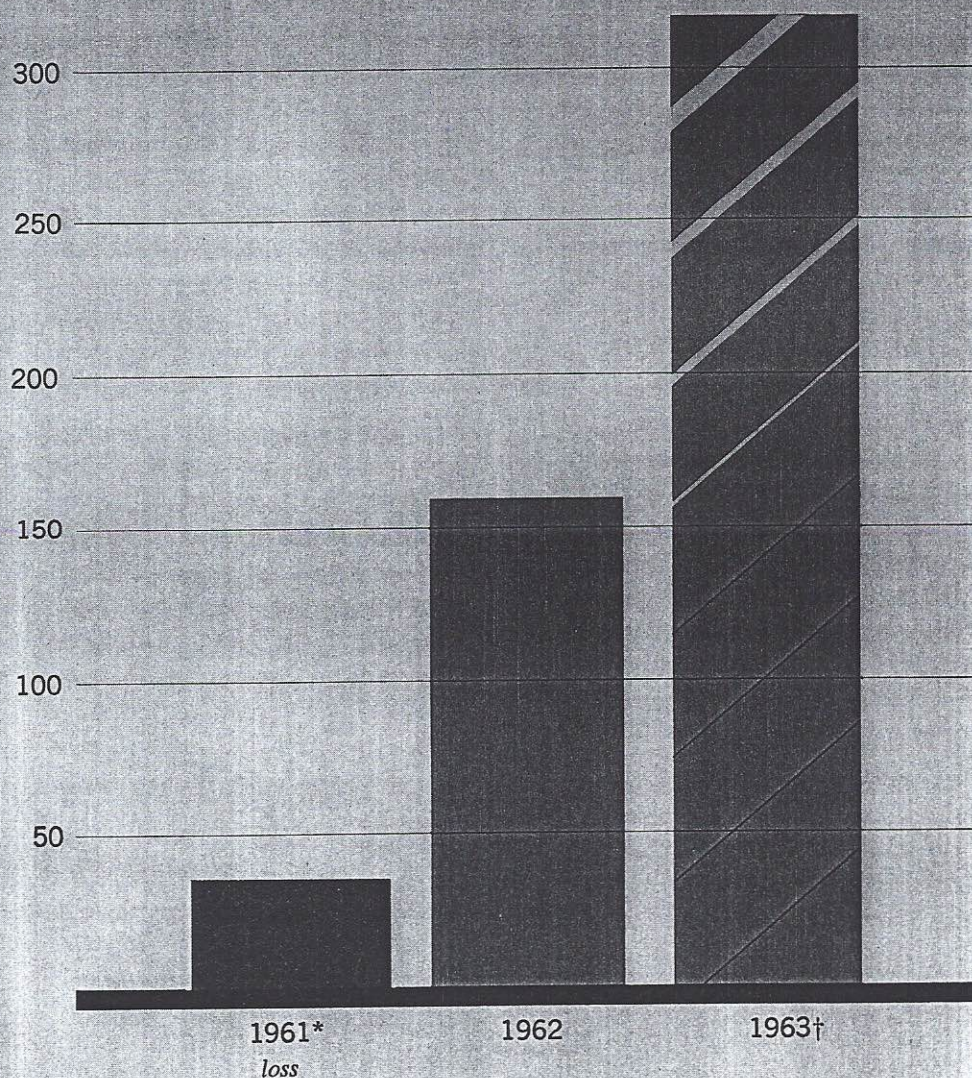
GROSS INCOME

for the year totalled
\$3,575,419.29 against
\$2,730,475.72* for the
comparable 12 month period in 1961.
For fiscal 1963, we
expect to exceed \$7 million.



NET INCOME

for the year totalled
\$150,938.34 against a loss of
\$30,563.01* for the comparable
12 month period in
1961. For fiscal 1963, we
expect a significant
increase in net income.



*Unaudited. The Canadian company's fiscal year was changed to June 30th in 1961. Prior to that, our fiscal year was January 31st.

†Projected.



SALES

During the past year, Commodore broke all previous sales records for its short, but dynamic, history. These record sales of our business machines were the tangible result of expanded distribution facilities, extensive advertising and active direct mail campaigns. The energetic activities of your company's administrative, sales and technical personnel have successfully given prominence to the COMMODORE name throughout a large portion of the North American continent.

The number of retail outlets in the United States for Commodore's newly developed drycopy machines has been increasing at an exciting rate. Commodore has recently introduced

the drycopy machine in Canada, and although it is a little early for full appraisal of the situation, management is gratified with the reception the machine has received in this very short period of time.

Retail sales of new portable typewriters, manual and electric adding machines and allied office equipment, have risen substantially during the past year. In fact, your company is now considered by some trade sources as having one of the largest retail sales networks, for these units, on the Eastern Coast of the United States and Canada.

We are indeed proud of the fact that such leading Canadian department stores as Robert Simpson, Simpson-Sears, Eaton, Hudson Bay and many others, are selling Commodore's machines, displaying them

prominently in their stores and catalogues.

In the United States, top department store chains, such as Macy's and Bamberger's, Gilchrist and Litt Brothers, feature entire departments offering a complete line of new and rebuilt equipment. These departments are leased by us and staffed with our own personnel, in order to insure maximum sales effort. We have departments in every one of Macy's retail outlets in New York, Long Island, Westchester areas, plus all Bamberger's stores, covering a major portion of Northern New Jersey. Your company has agreements with both those chains to lease to us the business machine departments in



every new store opened. Both of these chains are currently building, or have in the planning stage, such new stores. These leases constitute retail outlets for your company, in one of the highest income and population areas in the world, Northeastern United States.

The pictures at the top of these pages will give you an idea of the size and extent of the departments we have in the aforementioned stores. These pictures were taken in Macy's Roosevelt Field in Nassau County (Long Island), Bamberger's in Newark (New Jersey), Macy's White Plains in Westchester County (New York), Bamberger's in Paramus (New Jersey) and other areas. These departments account for approximately 30,000 units of equipment per year — certainly a substantial sales volume, by any standards. Our exceptionally concentrated sales efforts, products of advanced design,

and ever widening distribution network, plus an extremely effective advertising program (samples of which can be seen on the inside back cover of this report), have assisted us, in many areas, to outsell older and much larger firms in the office machines field.

The sleeper, so to speak, is your company's entry into the extremely fast growing photocopying field. Since June of this year, we have been establishing dealerships for the Commodore Drycopy machine, throughout North America. The results have been very exciting but, when you examine the situation, not really surprising, since we offer the buyer an excellent machine, requiring little time and effort to operate, at an attractive price. We offer the dealer a fair profit on each machine that is

sold, and "repeat" commissions on the sale of transfer sheets. This type of merchandising has helped us to firmly entrench ourselves in the field of popular priced drycopy machines.

It is a matter of fact, that the market for the types of products we offer is a fast growing one. With the planned opening of additional production facilities, both here and abroad, your company will be able to supply a greater portion of this growing market advantageously.

CONSOLIDATED

ASSETS

CURRENT ASSETS

Cash on Hand and in Banks		\$ 445,027.02	
Accounts and Notes Receivable	\$1,091,319.94		
Less — Provision for Doubtful Accounts	23,912.39	1,067,407.63	
Discounts, Deposits and Refunds Receivable		41,287.31	
Advances to Shareholders		12,189.30	
Loans Receivable		57,635.37	
Prepaid Expenses		9,016.50	
Merchandise Inventory (At Lower of Cost of Market)		1,704,651.59	\$3,337,214.72

FIXED ASSETS (At Cost)

Tools and Equipment	40,002.78		
Less — Accumulated Depreciation	9,362.73	30,640.05	
Dies and Moulds	37,335.11		
Less — Accumulated Depreciation	9,333.78	28,001.33	
Automotive Equipment	18,830.77		
Less — Accumulated Depreciation	7,904.22	10,926.55	
Leasehold Improvements	1,958.63		
Less — Accumulated Depreciation	423.93	1,534.70	71,102.63

OTHER ASSETS

Notes Receivable		40,805.35	
Advances to Commodore Industries Limited — Jamaica (3)		92,097.92	
Franchise and Manufacturing Rights (At Cost)		31,000.00	
Organization Expense		4,906.29	
Commission and Expenses on Sale of Company's Shares		86,120.03	254,929.59

TOTAL ASSETS \$3,663,246.94

The Notes on page 14 form an integral part of the consolidated balance sheet and should be read in conjunction therewith.

STATEMENT OF CONSOLIDATED EARNINGS⁽¹⁾
For the year ended June 30, 1962

REVENUES		<u>\$3,575,419.29</u>
GROSS PROFIT		<u>1,171,772.41</u>
EXPENDITURES		
Selling Expenses — Retail and Wholesale	\$ 513,958.67	
Management Salaries	36,653.20	
General and Administrative Expenses	135,187.59	
Financial Expenses	205,330.97	
Depreciation	20,602.51	
Exchange Adjustments	<u>33,931.17</u>	<u>945,664.11</u>
PROFIT BEFORE INCOME TAXES		<u>226,108.30</u>
INCOME TAXES		<u>75,169.96</u>
NET PROFIT FOR THE YEAR		<u><u>\$ 150,938.34</u></u>

(1) The consolidation includes the wholly-owned subsidiaries:

Commodore Drycopy Limited — Toronto, Ontario — for the period from June 12, 1962 to June 30, 1962.
(incorporation)

Commodore Dry Copy, Inc. — New York, N. Y. — for the period from June 14, 1962 to June 30, 1962.
(incorporation)

Commodore Business Machines, Inc. — New York, N. Y. — for the year ended June 30, 1962.

**COMMODORE
BUSINESS
MACHINES
(CANADA) LTD.
& SUBSIDIARIES**

STATEMENTS OF CONSOLIDATED SURPLUS

For the year ended June 30, 1962

EARNED SURPLUS

(Retained Earnings)

DEFICIT — as at July 1, 1961	\$ 27,453.96
ADD — Life Insurance Premiums on Managing Directors	3,834.00
	<u>31,287.96</u>
DEDUCT — Net Profit for the Year	150,938.34
SURPLUS — as at June 30, 1962	<u>\$119,650.38</u>

CONTRIBUTED SURPLUS

Arising from the conversion of loans payable to share capital	\$235,168.00
<i>(see note (5(b)) to balance sheet)</i>	<u> </u>

CAPITAL SURPLUS

BALANCE — as at July 1, 1961 (Arising from the sale of fixed assets, less uncollectible advances to other corporations, as well as surplus arising on acquisition of a subsidiary.)	149,144.42
DEDUCT — Adjustment in Price of Assets Sold	116,000.00
BALANCE — as at June 30, 1962	<u>\$ 33,144.42</u>

COMMODORE BUSINESS MACHINES (CANADA) LIMITED^{(5(a))}

AND ITS WHOLLY-OWNED SUBSIDIARIES⁽¹⁾

NOTES TO CONSOLIDATED BALANCE SHEET

- (1) The consolidation includes the wholly-owned subsidiaries:
Commodore Drycopy Limited —
Toronto, Ontario.
Commodore Dry Copy, Inc. —
New York, N. Y.
Commodore Business Machines, Inc. —
New York, N. Y.
- (2) The "Advances from Finance Company", have been made to Commodore Business Machines, Inc., and are collaterally secured by that company's inventory and accounts receivable.
- (3) The collectibility of advances to Commodore Industries Limited — Jamaica, is dependent upon the revenue the Jamaican Company will receive from a contract in which the franchise rights of the "Quick" adding machine are leased to Commodore Business Machines (Canada) Limited and its subsidiaries. As an alternative, this contract provides for the purchase of these franchise rights.
- (4) The long term notes payable are collaterally secured by first floating charge debentures registered against the assets of the companies. This loan bears interest at 8.8% per annum. Payments due within one year of the balance sheet date are shown as a current liability. The final payment is due on September 30, 1968.
- (5) (a) Supplementary Letters Patent were issued by the Province of Ontario on February 7, 1962, changing the name of the Company from "Commodore Portable Typewriter Company Limited" to "Commodore Business Machines (Canada) Limited" and converting the Company to a Public Company.
- (b) Prior to the issue of Supplementary Letters Patent the issued and outstanding preferred shares were redeemed and an additional 632 common shares of the original authorized capital were issued for a consideration of \$235,800.00, of which \$235,168.00 was allocated to contributed surplus. The Supplementary Letters Patent converted the then existing 1,032 common shares with a par value of \$1.00 each, to 516,000 common shares without par value and increased the authorized capital by 1,484,000 common shares without par value to create a total authorized capital of 2,000,000 common shares without par value. The unissued preferred and common shares of the original authorized capital were cancelled by the Supplementary Letters Patent. On June 29, 1962, an additional 300,000 common shares were sold for a consideration of \$750,000.00. Commission on sale of these shares amounted to \$75,000.00.
- (6) For purposes of consolidation, current assets and all liabilities of the United States Subsidiaries are converted at the rate of exchange prevailing at the balance sheet date and expenses and revenues at the average rate of exchange for the year.

AUDITORS' REPORT

To the Shareholders,
Commodore Business Machines (Canada) Limited,
Toronto, Ontario.

We have examined the consolidated balance sheet of Commodore Business Machines (Canada) Limited and its wholly-owned subsidiaries as at June 30, 1962 and the statement of consolidated earnings and the statements of consolidated surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. We have obtained all the information and explanations which we have required.

The accounts of the American Subsidiaries were examined by auditors resident in New York, and are included in the consolidated statements on the basis of their reports qualified by the fact that they "were not present to observe the taking of physical inventories," but did check

"the calculations and pricing by means of sales and other data. Although there may be variations which would effect the reporting of the profits, the inventories do not appear to be unreasonable."

In our opinion, based on our examination and the report of the other auditors, and according to the best of our information and explanations given to us, the accompanying consolidated balance sheet and the statement of consolidated earnings and the statements of consolidated surplus, present fairly the financial position of the Company as at June 30, 1962 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with the preceding period.

Rose & Harrison
ROSE & HARRISON,

Chartered Accountants.
Toronto, August 21, 1962.

ADVERTISING FOR 1962

These are some of our typical advertisements, used extensively throughout the past fiscal year.

One facet of the company's sales success should be attributed to Commodore's exciting advertising campaign. It is our intention to continue their use throughout 1962.



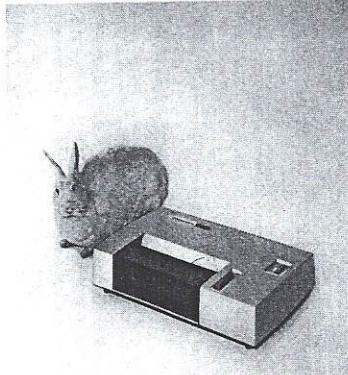
Instant copy anyone?

With the COMMODORE DRYCOPY you get instant copies that are completely dry, smudge-proof, and permanent. Copies can be made on almost any sheet of office paper with less effort and at less than the cost of a cup of instant coffee. The COMMODORE DRYCOPY can be put to other uses too making offset plates, creating spirit masters.

even laminating! Give yourself a "copy break" and call your nearest dealer. He will be glad to show you the newest and most versatile instant copier on the market.

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.



Fast?

When it comes to speed nothing copies faster than the COMMODORE DRYCOPY. Copies are instant, dry, permanent and smudge-proof! You waste no time making copies on the COMMODORE DRYCOPY. It's as quick as a bunny. Best of all it gives you the lowest per-copy cost available today. The COMMODORE

Faster!

DRYCOPY will also copy on offset or spirit masters for multiple copy reproduction. It can also be used for laminating. Call your dealer now. He will show you how fast copying can be.

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.



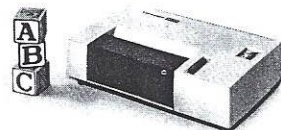
FOR PROFIT MAKING!

The most wanted office copier machine is here! A LOW cost copier. With today's shortage of office equipment, this is a real money-maker. Accurately at every important business show as the fast, dry, complete and most versatile copier ever offered. The COMMODORE DRYCOPY gives permanent, smudge-proof copies that are COMPLETELY DRY and will copy on any

conventional sheet of paper at a low machine cost per copy cost. Write today about the availability of dealerships... there are some still available.

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.



Simple?

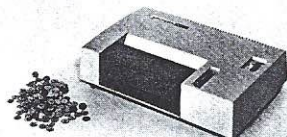
It's as easy as A B C to make instant copies on the COMMODORE DRYCOPY... and it's fast! Within seconds you can have a completely dry, permanent, smudge-proof copy. Whether you're making copies on offset plates, spirit masters or an ordinary office paper, there's nothing simpler for making copies than the COMMODORE DRYCOPY. It laminates

Simpler!

too... in fact, it is the most versatile office copier in plastic today. Make a sample for you... call your dealer now.

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.



Expensive?

Not at all! The per-copy cost of copies made on the COMMODORE DRYCOPY MACHINE is the lowest ever... just a few pennies each! Since there are no royalties, commissions or special copying charges even used in the COMMODORE DRYCOPY machine further savings can be realized... in dollars... in hours... in time! With COMMODORE DRYCOPY

COPY you get copies instantly and instant quality. Call your nearest dealer now. He will be happy to show you how inexpensive copying can be.

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.

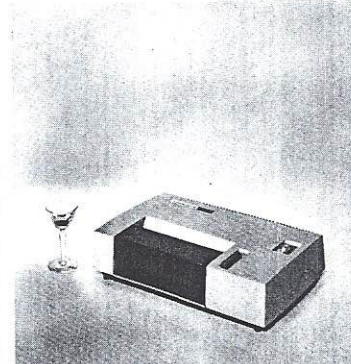


Commodore DRYCOPY

Copies in 1 step on any office paper!
COMPLETELY DRY!

Now the most popular by reputation use of instant office.

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, N. Y.



Dry?

You can have a difference of opinion as to how "dry" a copy machine can be but you'll never question "how dry" it is with the COMMODORE DRYCOPY. Copies are always completely dry! Smudge-proof and permanent! Your business dry copies can be made on almost any sheet of office paper... on offset plates... on spirit masters! You

Drier!

can beat laminating with the COMMODORE DRYCOPY. There is only one degree of dryness with the COMMODORE DRYCOPY... completely dry! Call your dealer now. He will show you how really dry a copy machine

Commodore DRYCOPY

COMMODORE DRYCOPY INC. • 113 West 42nd Street, New York 36, New York
IN CANADA: COMMODORE DRYCOPY LTD. • 140 King St. West, Toronto, Ont.



COMMODORE
BUSINESS
MACHINES
(CANADA) LTD.
680 King Street West — Toronto 28, Ontario

COMMODORE
BUSINESS
MACHINES, INC. N. Y.
113 West 42nd Street
New York 36, New York

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<http://commodore.international/>

commodore international historical society